

TESTIMONY OF THE
CONNECTICUT COALITION
FOR ***JUSTICE***
IN EDUCATION FUNDING
TO THE
EDUCATION COMMITTEE

February 15, 2013

Senator Stillman, Representative Fleischmann, and members of the Education Committee, the Connecticut Coalition for Justice in Education Funding appreciates this opportunity to submit comments pertinent to H.B. No. 6357 — **An Act Implementing the Budget Recommendations of the Governor Concerning Education.**

Governor Malloy's continuing focus on education during this legislative session is greatly appreciated. It reflects his deep commitment to education and his understanding of its vital role in preparing a future workforce and citizenry that will fuel our economy, inspire cultural and scientific innovations, and strengthen our communities and democratic institutions here in Connecticut. That the Governor has proposed even modest budget increases for education amidst the fiscal challenges faced by our state, local, and federal governments is indeed praiseworthy.

Good intentions aside, however, the Governor's bill contains numerous problematic elements. Weighing the adequacy and equity of education funding provided in the bill, we briefly sketch below a few of the most salient issues for CCJEF members concerning proposed changes to the Education Cost Sharing (ECS) formula and two essential categorical grants that support school budgets.

- **Allocation effects of the ECS changes:** The Governor's proposed Education Department budget (pp. 372 and 374) clearly reveals the allocation effects of the ECS changes buried in H.B. 6357's legalese (Section 2, line 546ff). In short, what is proposed here is that the 30 towns designated as Alliance Districts will receive a 10 percent phase-in for FY 2014, and 20 percent in FY 2015, of the fully funded ECS that was recommended by the ECS Task Force. All remaining towns would be phased in at just 1 percent in FY 2014 and 2 percent in FY 2015.

Yet "full funding" as per the ECS Task Force is roughly equivalent to the \$2.7 billion fully funded ECS that the 2008 legislature enacted. That phase-in began with the 2008-09 school year but then came to a screeching halt due to the Great Recession. To be clear, that \$2.7 billion annual ECS investment should already be in our schools.

H.B. 6357 proposes to bolster the ECS to that same \$2.7 billion level at the proposed rate of some \$50 million per year. That means a new phase-in period could conceivably last as long as 14 years, from FY 2014 through 2027, and that only Alliance Districts (if such designations still existed) would ever potentially be fully funded.

- **Conditional funding for Alliance Districts:** H.B. 6357 continues last year’s unfortunate distortion of the ECS formula by attaching “conditions” to funding increases for the 30 lowest-performing school districts. ECS funding increases for these Alliance Districts now takes the form of categorical grants that sit atop and outside each town’s equalization funding, with application requirements and approval by the Commissioner of Education controlling the release of what ought to be state equalization aid under *Horton v. Meskill*.

Many inquiries have been received by CCJEF member Alliance Districts concerning how these categorical grants will work in Year 2 — e.g., does this year’s base ECS aid include last year’s categorical grant, will an application/grant proposal be required again this year, can this year’s grant be used to sustain or expand the reforms begun last year, will this year’s categorical grant come directly to the board of education rather than the town, and what are our options when this grant is insufficient to cover the reforms our districts are having to agree to. Hopefully the Education Committee can shed light on these questions, as our members report conflicting advice emanating from State Department of Education and Office of Policy and Management officials.

- **ECS foundation level:** CCJEF supports the proposed increase in the ECS foundation level. The new level, \$11,754, is approximately where it would be today had the original ECS 1989 foundation formula remained intact. However, only a dozen or so communities, including several high-needs/low-performing school districts, spend less than that per pupil, which points to the need for the foundation level being substantially higher. However, the new figure, determined by the ECS Task Force, was arrived at “backwards” — i.e., their formula updating process began with a fixed total amount of spending being made available by the state and then working backwards to arrive at what foundation level would be feasible, rather than by arriving at a foundation level that reflects the research-based estimate of what it really costs, on average, to educate a typical middle-class schoolchild who has no special learning needs.
- **Poverty measure:** CCEF supports the use of free/reduced-price meals as the poverty measure. A better approach, however, would have been to separate student counts for free versus reduced-price meals and attach a higher weighting for those eligible for the free meals, recognizing that the greatest learning challenges brought to classrooms are from the very poorest among low-income children.

Reducing the poverty weight from 1.33 to 1.30 utterly defies common sense, and it altogether ignores the resource levels needed to enable schools to make even modest inroads into overcoming the effects of poverty on student learning. Even solidly middle-class Connecticut communities are experiencing a rapid growth in poverty, making schools desperately in need of extra resources to support the learning of these children.

- **LEP/ELL weight:** The elimination of the current 1.15 weight for limited-English-proficient students is altogether unfathomable. Zeroing out this weight impacts the state’s contribution

to the marginal cost of educating some 30,500 students whose language learning needs require resources far beyond those needed to fight the ravages of poverty. Especially in light of ELL students' contribution to the state's unconscionable achievement gap and their low graduation rates, CCJEF asks the Education Committee to intervene on behalf of these children.

- **Wealth adjustment factor, SGWL, and minimum aid ratio:** CCJEF has long argued that the “town wealth” factor in the ECS formula was faulty and causing many towns to be misidentified as being wealthier than they are, resulting in too low a share of ECS aid. Similarly, CCJEF believes there should be less reliance on property wealth as a determinant of a municipality's ability to support its schools. H.B. 6357 introduces a “wealth adjustment factor” as an improvement on this past method, but it requires further study using whatever figures the Department of Economic and Community Development has provided for purposes of calculating town wealth levels.

The reduction of the State Guaranteed Wealth Level from 1.75 to 1.50 is an unwelcome omen for municipalities, in that the original formula's 2.0 SGWL was considered necessary for the state's share of education funding to reach the long-promised 50 percent. (The Connecticut Conference of Municipalities estimates the state's current share at 43 percent, which ranks 45th in the nation for state funding of PK-12 education.)

The reduction of the minimum aid ratio for towns from 9 percent to 2 percent, except for Alliance Districts, whose ratio is raised to 10 percent, similarly rankles during these tough economic times when education standards, school operating costs, and student learning needs are all increasing dramatically. No community can afford to lose even a small amount of state education aid.

- **Transparency of the ECS formula:** H.B. 6357 adds many new twists and sharp turns to an already highly convoluted state equalization formula. For purposes of transparency for a formula that has long been considered inextricably complicated to the point of being (perhaps even purposely) altogether incomprehensible, CCJEF calls upon the State Department of Education and Office of Policy and Management to make the fully articulated new formula and all its related data elements publicly available, including all town-by-town calculations.
- **PILOT grants transferred to the ECS:** CCJEF objects to a reallocation to the ECS of the PILOT grant due municipalities for state owned properties. That, along with the similar addition last year of funding for state charter schools, may be a convenient accounting ploy for avoiding the state spending cap, but such gimmickry is inappropriate and sets a poor example for improved government truth in budgeting (and presumably does not comport with GAAP accounting practices). Nor can the state legitimately re-label those two grants as “ECS funding” or include them in any fiscal reporting of total state contribution in support of municipally dependent school districts.

Already CCJEF has fielded numerous calls from school districts and municipalities, all of them inquiring about how the PILOT “bucket” will be dealt with vis-à-vis the MBR and whether it is the board of education or municipality that will control the funds. Co-mingling state aid for boards of education and municipalities, even if only “on paper,” invites heightened tensions between the two entities during this tough budget season.

- **SPED Excess Cost grant:** H.B. 6357 fails to provide any weighting for special education within the ECS formula. The bill also fails to fully fund the Special Education Excess Cost grant, increase the total funding available for reimbursing towns, or lower the reimbursement threshold — all this, despite ever-increasing numbers of students needing specialized learning services, skyrocketing costs for those services, and a steady stream of raised standards and mandates aimed at ensuring improved student outcomes and quality service delivery. These budget failures, while perhaps legitimately attributable to the state’s budget woes, punt significant cost increases to municipalities and their property taxpayers.
- **Pupil transportation grant:** The zeroing out of the public school pupil transportation grant — like the failure to provide SPED relief — will increase the cost of education for every municipality. In many communities, the loss of this important transportation subsidy could lead to reduced busing services, limit students’ ability to partake in afterschool activities, increase safety hazards for children who must walk or ride bikes longer distances and during inclement weather, and ultimately increase absenteeism and truancy.
- **Education adequacy cost study:** H.B. 6357 adopts the ECS Task Force formula recommendations but fails to include that body’s recommendation for a new adequacy cost study to be undertaken to update the 2005 study commissioned by CCJEF. Lacking such a cost study to provide a rational basis to the formula elements (foundation level and student need weightings) and the resources that can reasonably be expected to be necessary for the delivery of quality education at a town-by-town level, it is impossible to devise a state aid formula that will ensure adequate and equal educational opportunity or to grasp the extent of funding needs on which state and local policymakers ought to be focusing. In the absence of such a study, the ECS formula and the state’s entire school funding system will remain inadequate and inequitable — and the target of litigation.

In sum, Governor Malloy was correct when asked by *The Mirror* (February 5, 2013, Rabe Thomas and Phaneuf article) about whether his proposed education budget “gets the state to an adequate funding level.” He said it does not, and we concur with that unfortunate assessment. But is this proposed budget “moving us in that direction,” as he asserted? Perhaps, but not in terms of education adequacy and equity for today’s schoolchildren.

Respectfully submitted,

Herb Rosenthal
 Town of Newtown
 CCJEF President
 (203) 426-0660
hcrosenthal@aol.com

Dianne Kaplan deVries, Ed.D.
 CCJEF Project Director
 (860) 461-0320 w
 (603) 325-5250 m
dianne@ccjef.org

The Connecticut Coalition for Justice in Education Funding (CCJEF) is a broad-based coalition of municipalities, local boards of education, statewide professional education associations, unions, and other pro-education advocacy organizations, parents and schoolchildren aged 18 or older, and other concerned Connecticut taxpayers. Member school communities are home to nearly half of Connecticut’s public school students, including some three-fourths of all minority students, those from low-income families, and students from homes where English is not the primary language.